

Quarterly statistical summary: June 2016

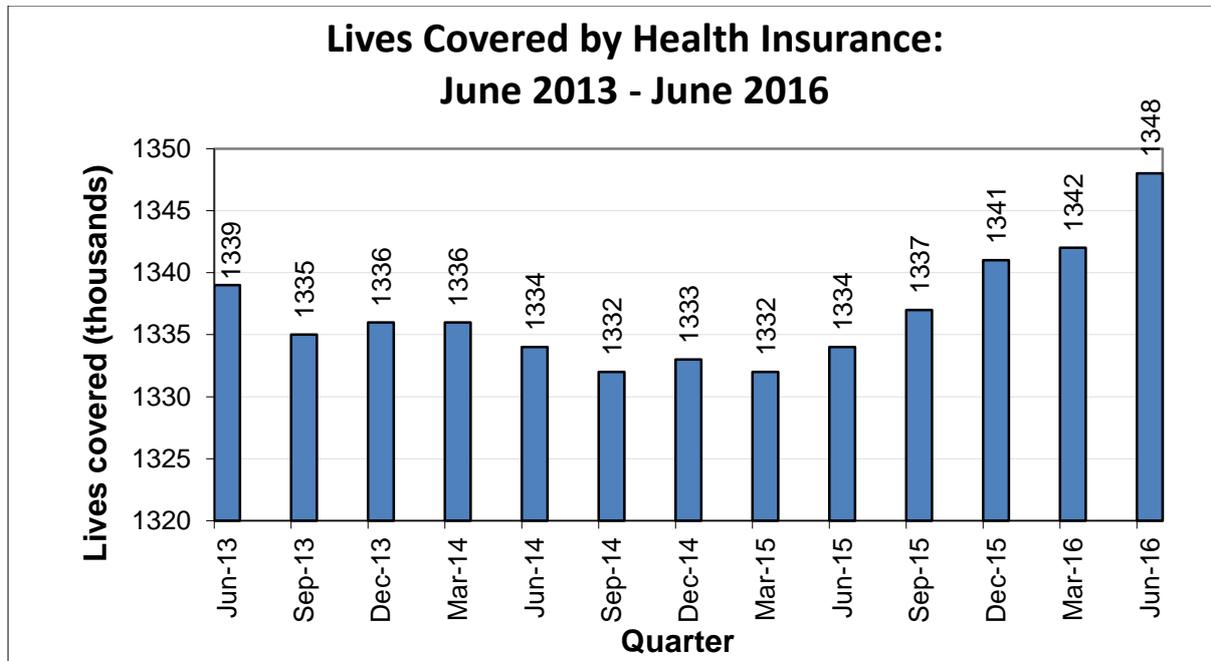
This statistical supplement sets out key health insurance statistics for lives covered, claims and premiums over the previous quarter and 12 month period, together with commentary on changes and underlying trends.

Headline changes

- △ Lives covered up 6,100 (0.5 percent) for the quarter; up 14,100 or 1.1 percent for the year;
- △ Premium income of \$338 million for the quarter, up \$9m (2.7 percent) on March quarter; annual premium \$1.318 billion, up \$75m (6.0 percent) on June 2015 year;
- △ Claims paid for quarter of \$290 million, up 10.0 percent on previous June 2015 quarter; annual claims paid for June year of \$1076 million up 6.2 percent on June 2015 year claims.

Lives covered

The change in lives covered was an increase of 6,100 lives covered over the June quarter. Total lives covered as at 30 June 2016 stood at 1.348 million. On an annual basis, lives covered have increased by 14,100 or 1.1 percent for the year ending June 2016. This is the fifth straight quarter of growth in lives covered, and marks the strongest annual growth in lives covered recorded since September 2008.



Elective Surgical vs Comprehensive

Over the 2016 year, the robust growth in health insurance coverage saw growth in both elective surgical and comprehensive categories. However, the net increase in lives covered of 14,100 mainly comprised additional elective surgical policies, with changes over the year as follows:

- Comprehensive policies – lives covered: +5,300
- Elective surgical and specialist policies – lives covered: +8,800

Elective surgical and specialist policies now account for 68.5% of all lives covered.

Changes in lives covered by age-group

The table below gives a breakdown of the changes in lives covered over the past year by age group.

Of note is the significant increase of over 7000 lives covered in the 0-4 age group. This is up by 12 percent. Partly this reflects the growth in the policyholder age group 25-39 – where a family taking out health insurance may have more than one child. Partly it also reflects New Zealand’s birth rate trending up over the past year, with 2015 seeing the first increase in births in four years.

The growth in the 25-39 age group has been noted over recent quarters, with the increased popularity of newer types of minor medical health insurance products which have found favour with this younger demographic.

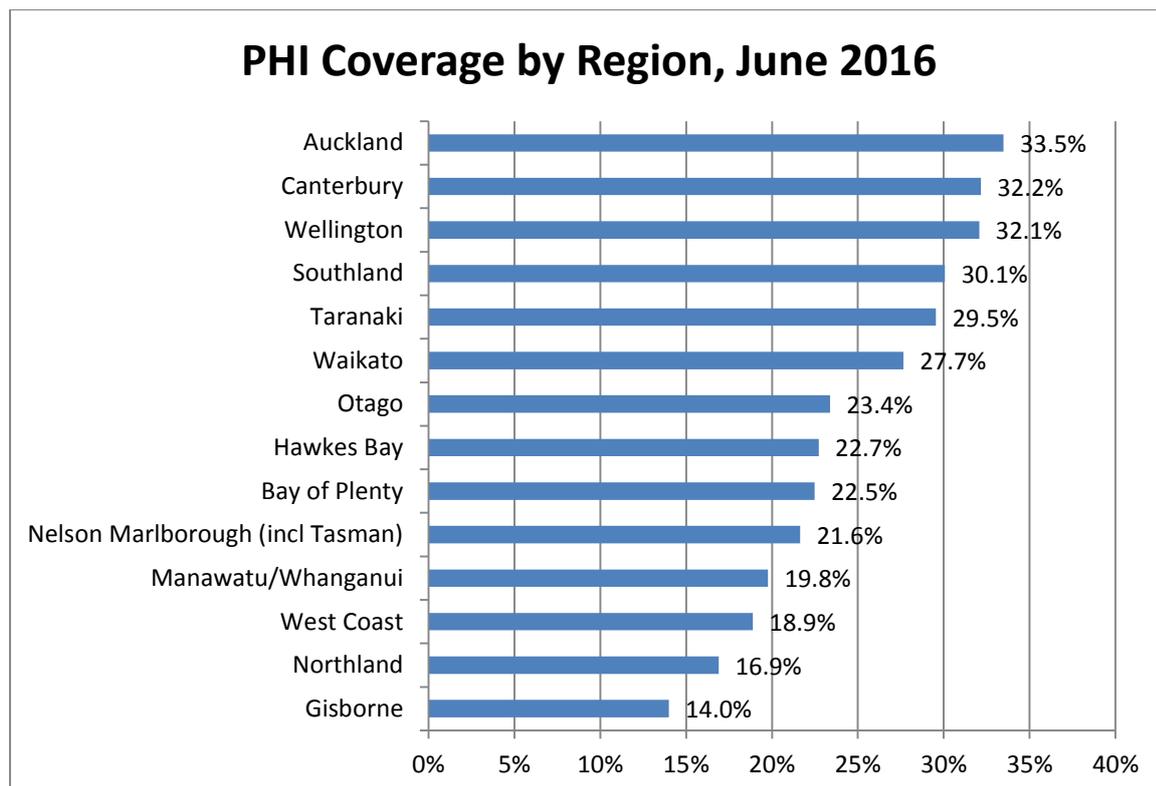
Table: Change in lives covered by Age: June 2016 year

Age	Jun 2015	Jun 2016	Change	percent
0-4	61,790	69,361	7,571	12.3%
5-9	83,521	84,273	752	0.9%
10-14	82,698	83,180	482	0.6%
15-19	84,916	85,080	164	0.2%
20-24	77,066	76,929	-137	-0.2%
25-29	70,235	74,703	4,468	6.4%
30-34	83,816	88,111	4,295	5.1%
35-39	93,052	94,972	1,920	2.1%
40-44	111,727	112,477	750	0.7%
45-49	115,923	117,490	1,567	1.4%
50-54	119,291	119,399	108	0.1%
55-59	108,537	108,166	-371	-0.3%
60-64	90,343	88,528	-1,815	-2.0%
65-69	66,434	64,306	-2,128	-3.2%
70-74	38,462	37,587	-875	-2.3%
75-79	22,364	21,831	-533	-2.4%
80-84	13,168	12,532	-636	-4.8%
85-89	7,388	6,552	-836	-11.3%
90+	2,871	2,273	-598	-20.8%
Total	1,333,603	1,347,751	14,148	1.1%

At the same time there has been a drop in the number of persons aged 65 and over with health insurance, despite the ageing population and increase in the number of persons aged over 65. The decline of 5,600 for this age group over the year equates to around 0.4 percent.

Regional Breakdown

This quarter HFANZ has included a regional breakdown which sets out the percentage of the population covered by health insurance in different regions. There is significant variation in coverage across the regions, with the highest coverage seen in the Auckland region. The other main urban regions of Canterbury and Wellington also show coverage levels above the average of 29 percent.

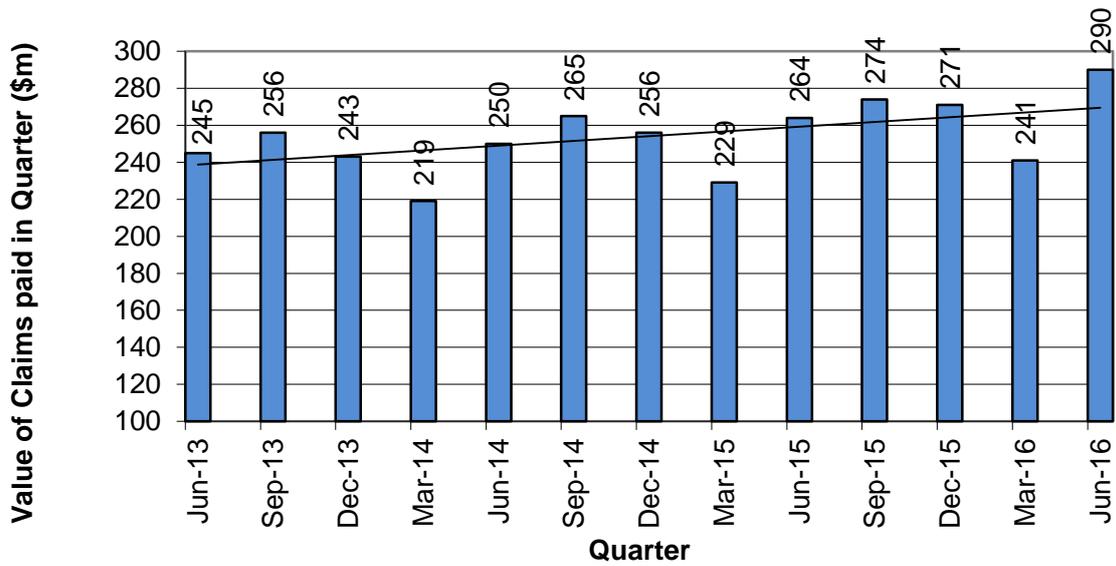


Premium income

Premium income for the June 2016 quarter totalled \$338 million – up by \$9m or 2.7 percent on the March quarter. Annual premium for the year ended 30 June 2016 was \$1.318 billion, up 6.0 percent or \$75m on premium income for the June 2015 year.

Claims paid

Claims paid for the June 2016 quarter totalled \$290 million, up 10.0 percent on the previous June 2015 quarter. Total claims paid for the 12 months ending 30 June 2016 were \$1076 million, up 6.2 percent on June 2015 year claims.



The strong growth in claims paid recorded over recent quarters has seen annual claims paid surpass the \$1 billion mark in 2015. Annual claims for the March 2016 year at \$1.076 billion are almost double what they were a decade ago. This underpins the valuable contribution health insurance makes to healthcare funding in New Zealand.

Growing Contribution from Health Insurance: Growth in Claims Paid, 2006-2016

